

## Message Text

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16

ACTION NEA-10

INFO OCT-01 AF-06 EUR-12 ISO-00 IO-10 COME-00 INT-05 EB-07

SAM-01 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03 NSAE-00

NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 AID-05 OMB-01

TRSE-00 OFA-01 AGR-05 OES-03 FEA-01 SAJ-01 /115 W

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P R 260945Z NOV 75

FM AMEMBASSY RABAT

TO SECSTATE WASHDC PRIORITY 7065

INFO AMEMBASSY ALGIERS

AMEMBASSY MADRID

USMISSION USUN

AMEMBASSY NOUAKCHOTT

C O N F I D E N T I A L RABAT 5732

E.O. 11652: GDS

TAGS: EGEN EMIN MO

SUBJECT: ECONOMIC ELEMENTS KING HASSAN'S NOVEMBER 25 PRESS CONFERENCE

REF: A. RABAT 3465

B. RABAT 4584

C. RABAT 5218

DEPT PLEASE PASS USDOC AND US BUREAU OF MINES

IN RESPONSE TO QUESTIONS BY REPORTERS, KING DELIVERED  
ILLUMINATING COMMENTS ON FOLLOWING THREE MATTERS OF ECONOMIC/  
COMMERCIAL INTEREST.

1. EXPLOITATION SAHARAN PHOSPHATES. CONFIRMING EARLIER  
INTIMATIONS CONTAINED IN REMARKS OF STATE PHOSPHATE MONOPOLY  
DIRECTOR LAMRANI (REF A AND C), KING DREW CAREFUL DISTINCTION  
BETWEEN MONOPOLY POSITION ENJOYED BY STATE PHOSPHATE OFFICE  
(OCP) WITH REGARD OPERATIONS INSIDE PRESENT MOROCCAN  
BOUNDARIES, AND EXISTING PRIVATE PARTICIPATION IN OPERATION  
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OF BU CRAA MINE IN "NEW PROVINCE OF WESTERN SAHARA". KING

ALLOWED THAT OCP WOULD CERTAINLY BE GOM PARTNER IN FUTURE OPERATIONS OF BU CRAA, BUT SAID PRIVATE SECTOR WOULD BE ABLE TO PLAY IMPORTANT ROLE IN EXPANDING PHOSPHATE PRODUCTION IN NEW TERRITORY. WORDING OF REPLY INDEED SUGGESTED SAHARA PROVINCE WOULD BE OPEN TO ALL FORMS OF PRIVATE SECTOR PARTICIPATION. COMMENT: STATEMENT CONFIRMS REPORTS THAT PHOSPHATE SETTLEMENT AS DRAFTED BY LAMRANI AND SPANISH REPS ENVISAGES JOINT-VENTURE OPERATION (KING MADE IT CLEAR OCP WOULD BE MAJORITY PARTNER); IT LESS CLEAR WHETHER ADDITIONAL PRIVATE PARTNERS WOULD BE WELCOMED IN PHOSPHATE MINING. LAMRANI IMPLIED THIS IN HIS JULY COMMENTS AND TODAY'S STATEMENT LEAVES POSSIBILITY OPEN AS NOTED. BUT OUR EXPECTATION IS THAT WHILE PRIVATE MINING OF OTHER MINERALS WILL BE ENCOURAGED, SPANISH PARTNER FOSFATOS BU CRAA WILL, AS MATTERS DEVELOP, TURN OUT TO BE ONLY PRIVATE ACTOR IN ACTUAL MINING OF PHOSPHATES, THUS PERMITTING OCP TO RETAIN AS MUCH OF PRODUCTION/PRICING/MARKETING AUTHORITY AS POSSIBLE IN THIS VITAL SECTOR. ON OTHER HAND, AS GOM TURNS TO DOWNSTREAM PROCESSING LARGER AND LARGER PROPORTION OF PHOSPHATE ROCK OUTPUT, EXPANDED ROLE FOR US AND OTHER CHEMICALS FIRMS WILL BE POSSIBLE RE PRODUCTION OF PHOSPHORIC ACID AND PHOSPHATIC FERTILIZERS AND CHEMICALS. END COMMENT.

2. ECONOMIC EXPANSION. "NOW THAT ROOTS OF NATION REESTABLISHED TO TAKE NOURISHMENT FROM AFRICA" AND BRANCHES "FREE TO BREATHE IN EUROPE"--AS KING POETICALLY PUT IT--TASK OF GOVERNMENT WILL BE TO ACCELERATE ECONOMIC DEVELOPMENT IN ORDER THAT ENTIRE NATION MAY PARTICIPATE IN BENEFITS FLOWING FROM RECOVERY OF TERRITORY. WITH RESPECT TO SAHARA, KING MADE SPECIAL ALLUSION TO NEED TO PROMOTE MINING AND FISHERIES, TO CREATE NEW PORTS AND ESTABLISH LIGHT MANUFACTURIES. ACKNOWLEDGED DEVELOPMENT NEEDS OF SAHARA WILL EXCEED INTERNALLY GENERATED INCOME POTENTIAL. PROMISED RESOURCES OF "MOTHER COUNTRY" IN SUPPLEMENT. COMMENT: WHILE NO NEW DIRECTIONS SPELLED OUT IN RESPONSE, IT ENCOURAGING TO SEE THAT KING SENSITIVE TO NEED FOR HIGHEST LEVEL ATTENTION TO ECONOMY WHERE VITAL DECISIONS HAVE OFTEN BEEN POSTPONED IN RECENT MONTHS--DESPITE MOUNTING FINANCIAL PROBLEMS--AS ENERGIES OF SENIOR OFFICIALS HAVE BEEN DIVERTED TO ALL-CONSUMING SAHARA PROBLEM. A NUMBER OF ECONOMIC COUNSELORS AND CERTAIN CONFIDENTIAL

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ABLE ECONOMIC BUREAUCRATS BELIEVE SEARCH FOR NEW TALENT IN CERTAIN MINISTRIES (ABOVE ALL AGRICULTURE) WOULD PROVIDE FIRST EVIDENCE THAT KING'S WORDS TO BE TAKEN SERIOUSLY. END COMMENT.

3. SOVIET NEGOTIATIONS FOR ACCESS TO MESKALA PHOSPHATE RESERVES. FOLLOWING MOST RECENT REPORT ON STATUS GOM/USSR NEGOTIATIONS FOR SOVIET ACCESS FOR UP TO 10 MILLION MT OF ROCK FROM LOW-GRADE MESKALA RESERVES (REF B), WE LEARNED (BUT HAD NOT YET REPORTED)

THAT TALKS HAD BEEN TERMINATED BY GOM AT HEIGHT OF GREEN MARCH.  
WITH APPARENT REFERENCE THIS EVENT, NEWSMEN ASKED KING ABOUT  
RELATIONSHIP MALIK ROLE IN SECURITY COUNCIL TO STATUS OF  
SOVIET PHOSPHATE NEGOTIATIONS. KING REPLIED INDIRECTLY,  
ASSERTING THAT SECURITY COUNCIL EVENTS SHOULD BE VIEWED AS  
INCONSEQUENTIAL CONTRETEMPS IN CONTEXT ONGOING GOOD RELATION-  
SHIP; THAT INTERESTS OF TWO COUNTRIES TOO SOLIDLY BASED TO BE  
AFFECTED BY PASSING INCIDENT. (POLITICAL ASPECTS OF QUESTION  
REPORTED SEPARATELY). HIS IMPLICATION WAS THAT COMMERCIAL  
EXCHANGE BETWEEN TWO NATIONS (SOVIET PETROLEUM FOR MOROCCAN  
ORANGES) AND PROSPECTS FOR ENHANCED FUTURE RELATIONSHIP  
(10 MILLION MT OF MESKALA PHOSPHATES WOULD BE EQUIVALENT TO  
50 PER CENT OF 1974 OUTPUT) TOO IMPORTANT FOR EITHER SIDE  
TO PROCEED FURTHER WITH LAST WEEK'S DIFFERENCE OVER SAHARA.  
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## Message Attributes

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